Developing Performance Indicators

USAID Performance Management Workshop

2004

Purpose of this Session

- Review of USAID guidelines for performance indicators

- Group discussion on selection of performance indicators

How Can Indicators Help with Management?

- **USAID uses performance indicators as a management tool**

    - Inform decisions about staffing, budgets, priorities and policies

    - Use as a basis for reporting to the White House, Congress and the public

    - Identification of best practices
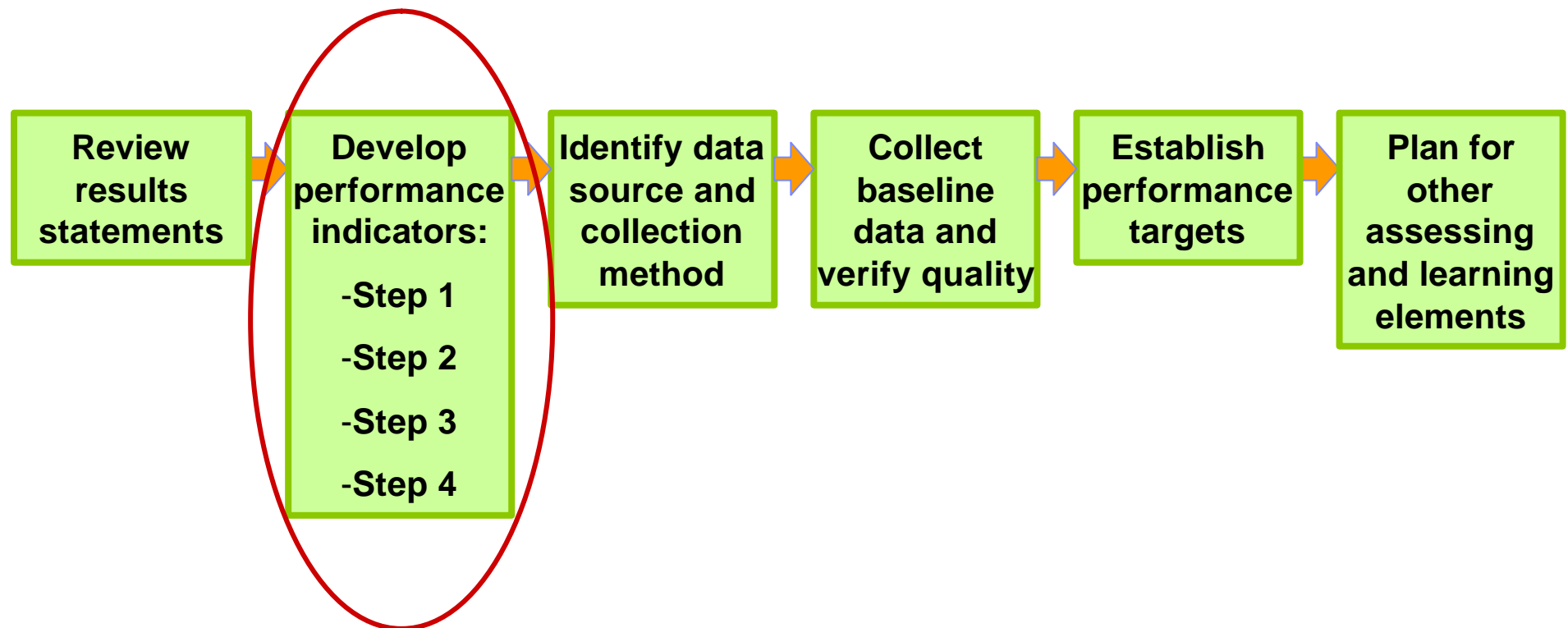
Performance Indicators Can't Tell You...

- What is causing a certain result
  - Poor data do not necessarily mean poor execution
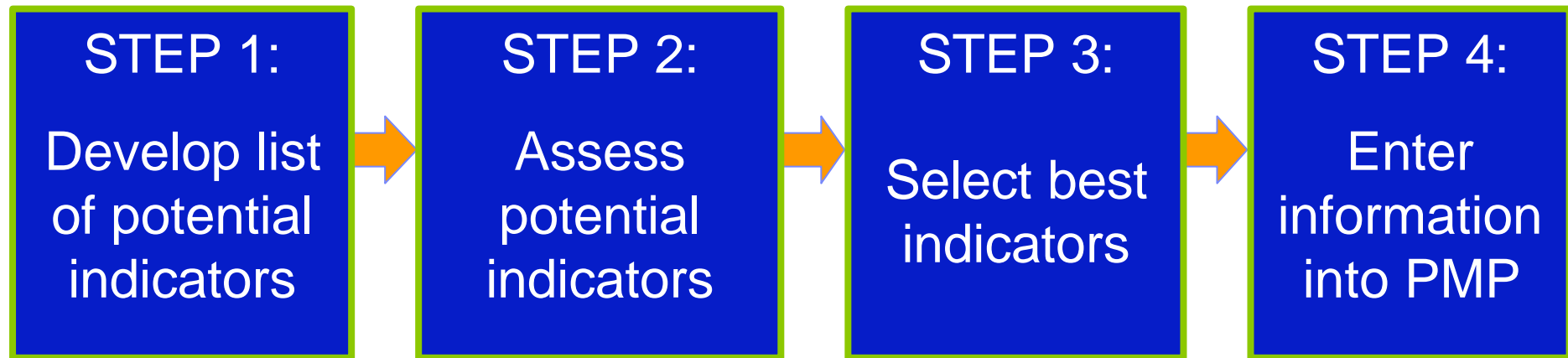 - Good data don't guarantee that everything is going well

The PMP Development Process

Review results statements	Develop performance indicators: -Step 1 -Step 2 -Step 3 -Step 4	Identify data source and collection method	Collect baseline data and verify quality	Establish performance targets	Plan for other assessing and learning elements

The Indicator Development Process

STEP 1: Develop list of potential indicators	→	STEP 2: Assess potential indicators	→	STEP 3: Select best indicators	→	STEP 4: Enter information into PMP

STEP 1: Develop List of Potential Indicators

- **Sources of indicators……**
  - SO team
  - Partners
  - Agency sector experts
  - Outside sector or regional experts
  - Data collection experts
  - Indicator database
  - Sector handbooks
  - Internet

- **Others, based on your experience?**

STEP 2: Assess Potential Indicators

Use USAID's characteristics of good performance indicators

- ◆ **O**bjective
- ◆ **P**ractical
- ◆ **U**seful for Management
- ◆ **D**irect
- ◆ **A**ttributable to USAID efforts
- ◆ **T**imely
- ◆ **A**dequate

(ADS 203.3.4.2)

Direct?

- The indicator closely tracks the result it is intended to measure.

Result:

- *Citizens' knowledge of their rights expanded*

Direct Indicator:

- *% survey respondents able to identify 3 or more key civil rights*

Proxy Indicators

- Indirect measures of the intended result.
- Use if data for direct indicator is unavailable or not feasible to collect.

Result:
- Citizens' knowledge of their rights expanded

Direct Indicator:
- % survey respondents able to identify 3 or more key civil rights

Proxy Indicator:
- Number of civil rights cases brought to court by targeted community organizations

Objective?

- **Unambiguous and operationally precise about**
  - What is being measured
  - What data are being collected
- **Uni-dimensional**
- **Consistent over time**

Result:
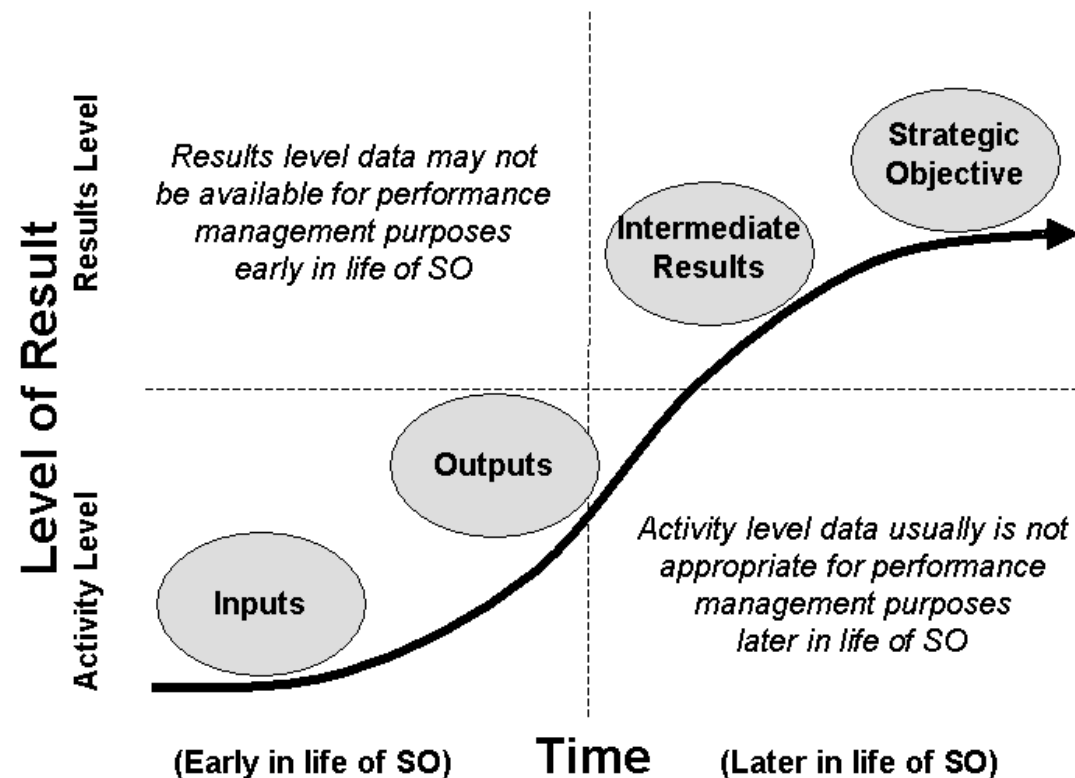*- Performance of export firms improved*

Imprecise Indicator:
- Number of successful export firms

Precise Indicator:
- % of export firms experiencing annual increase in revenues of at least 5%

Useful?

- Is the indicator useful for management?

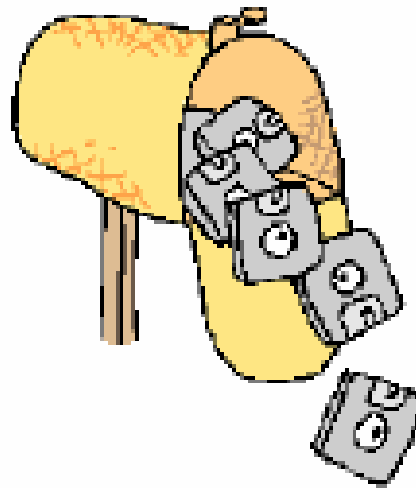- Which indicators are most meaningful at a given point in time?

Practical?

- Data are available when required for decision making
- Data can be obtained at reasonable cost

Attributable?

- Indicators selected for the PMP should measure changes that are clearly and reasonably attributable, at least in part, to USAID effort.

- Attribution exists when the links between USAID outputs and the results being measured are clear and significant.

- A simple way to assess attribution:

> *If there had been no USAID activity, would the measured change have been different?*

Timely?

- **Indicators should be available when they are needed for decision making.**
    - Are the data available frequently enough?
    - Are the data current?

Adequate?

- **Taken as a group, the indicator and its companion indicators should be the minimum necessary to capture progress towards the desired result.**

- **How many indicators?**
  - As many as are necessary and cost effective for management purposes
    - Too many indicators results in information overload
    - Too few indicators could be misleading

RULE OF THUMB

2-3 PER RESULT

Disaggregation Useful and/or Necessary?

- **Will disaggregation provide meaningful information?**
  - Gender
  - Urban/rural populations
  - Sector
  - Geographic regions
  - Other

Gender & Performance Indicators

MANDATORY

- Performance management systems and evaluations at the SO and IR level MUST include gender-sensitive indicators and sex-disaggregated data when supporting technical analyses demonstrate that:

  - The activities or their anticipated results involve or affect women and men differently; and,

  - If so, this difference would be an important factor in managing for sustainable program impact.

  - ADS 203.3.4.3

Exercise: Assess Quality of Indicator

- **Review of selected USAID/Armenia performance indicators**

- **Group discussion and reporting of the opportunities and challenges identified**

Note: Clarify the terms "opportunities" and "challenges"

STEP 3: Select Best Indicators

- **USAID will compare assessments from the Performance Indicator Quality Assessment worksheets and select "best" indicators**

- **USAID's partners are stakeholders in USAID's indicator selection process, and this workshop serves to help partners:**
    - be informed about the process
    - have input

STEP 4: Document Indicators in PMP

- **Once an indicator is selected, USAID will document the critical indicator details in a Performance Indicator Reference Sheet (PIRS), which includes, for example:**

  - Indicators and their precise definition
  - Assessment of indicators against quality standards
  - Management justification for indicator selection
  - Source of data, as well as means and costs of acquisition
  - Data reporting schedule
  - Baseline and targets
  - Any known weaknesses in data quality and steps taken/planned to address them

How to fill out the Indicator Reference Sheet

Update PMP During Life of SO

- **USAID will review indicators during the life of the SO**

- **Indicators will be changed or refined if there is a compelling reason**

Additional Considerations for USAID and partners:
- Operating Units **must** consult with the Bureau for Global Health before changing HIV/AIDS indicators
- Annual report indicators **may not** be changed **in the year** they are selected as official targets for reporting annual accomplishments
- Indicators for the Annual Report must be reported by December 31 of every year